requirement."[72] Indeed, a significant concern supporting the Commission's concurrent adoption of the effective competitive opportunities test was "the cost of regulating [foreign carriers with market power] on a case by case basis to prevent anticompetitive misconduct."[73]

Any new regulatory measures to ensure that foreign carriers' U.S. market pricing is cost-justified would not only impose the same substantial compliance burdens on U.S. carriers, but would also impose much greater enforcement costs on the Commission than those required by its former dominant carrier cost-support regulation. Indeed, if foreign carriers from all countries are to be allowed U.S. market entry to provide facilities-based services once their settlement rates are within benchmarks, the administrative burden entailed in the Commission's conduct of carrier-by-carrier reviews of tariffs and cost-support may become overwhelming. Yet a more limited requirement, such as requiring the U.S. affiliate to operate as a separate corporate entity with separate accounts, would not provide sufficient regulatory scrutiny.

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72 *Foreign Carrier Entry Order*, 11 FCC Rcd. at 3973. *See also MCI Communications Corp./British Telecommunications plc.*, 9 FCC Rcd. 3960, 3967 n.68 (1994) (declining to apply several dominant carrier regulation requirements including those for the filing of tariffs on 45-days notice and cost support justification as being "needlessly burdensome").

73 *Foreign Carrier Market Entry Order*, 11 FCC Rcd. at 3887. *See also id.* at 3880 ("We are not sure that our regulatory safeguards, standing alone, are the optimal way to ensure that entry, particularly facilities-based entry, by a foreign carrier on routes where it has bottleneck control will preserve and promote competition in the U.S. international services market")

Thus, unless the Commission requires the adoption of a cost-based settlement rate on any affiliate route before granting facilities-based and switched resale authorizations, it should continue to apply the effective competitive opportunities test.[74]

VII. THE COMMISSION HAS THE AUTHORITY TO MANDATE SETTLEMENT RATES.

The NPRM expresses the tentative conclusion (¶19) that it "has the authority under Sections 1, 4(i), 201-205 and 303(r) of the Communications Act of 1934, as amended, relevant case law, and international regulations, to take the steps described in th[e] Notice." AT&T fully agrees with this conclusion, one which comports with the Commission's long-standing construction of its authority under the Act.

The Communications Act, judicial precedent, as well as the Commission's past decisions all confirm that the Commission has ample authority to regulate U.S. carrier settlement arrangements with foreign carriers to protect American customers and the U.S. public interest, whether or not those arrangements are embodied in privately negotiated contracts with a foreign entity.

1. The Commission Has Ample Authority To Regulate Rates And Practices With Respect To International Telecommunications Services.

The Commission's authority to regulate rates and practices with respect to

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[74] As with the provision of switched services over IPLs, the requirement for TSLRIC should apply to all countries on a non-discriminatory basis. To continue the effective competitive opportunities test in the form of an exemption from TSLRIC requirements for countries with "meaningful competition" (NPRM ¶ 85) would be equally unnecessary as effective competition should bring settlement rates down to cost-based levels in any event. Until competition in these countries is fully developed, the TSLRIC requirement will provide an important safeguard.

international telecommunications services derives from Section 201 of the Communications Act of 1934, which provides in relevant part:

> "All charges, practices, classifications and regulations for and in connection with [] communication service, shall be just and reasonable, and any such charge, practice, classification, or regulation that is unjust and unreasonable is declared to be unlawful."[75]

Section 201(b), in turn, authorizes the Commission to "prescribe such rules and regulations as may be necessary in the public interest to carry out the provisions of [the Act]." Further, Section 205 unambiguously declares that "the Commission is authorized and empowered to determine and prescribe what will be the just and reasonable charge . . . and what classification, regulation, or practice is or will be just, fair, and reasonable."[76] Significantly, this power includes the authority to "make an order that the carrier or carriers shall cease and desist from such [an unreasonable practice or charge]."[77] These provisions are explicitly made applicable to all "foreign communication by wire or radio" by Section 152(a).[78]

In short, the Communications Act unambiguously authorizes the Commission to declare that certain "charges" and "practices" are unreasonable and unlawful, to order carriers to "cease and desist" from participating in such practices, and even to go so far as

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75 47 U.S.C. § 201(b).

76 47 U.S.C. § 205(a). *See In re Lincoln Telephone & Telegraph*, 72 F.C.C. 2d 724, 728 (1979) (ordering a billing and collection arrangement pursuant to Commission authority under sections 201-205).

77 47 U.S.C. § 205(a).

78 *See* 47 U.S.C. § 152(a).

to prescribe what particular "charges" and "practices" carriers may adopt. By its terms, this authority applies to foreign as well as domestic communication services.

The steps proposed in the NPRM are fully within these powers. As thoroughly discussed in the NPRM (¶ 5), the "current above-cost accounting rate system" is a "practice" and "charge" in which U.S. carriers participate that is clearly "in connection with" a "communication service." That practice "restrains the development of competition in U.S. . . . markets, creates the potential for distortions in the U.S. market for IMTS, and significantly increases prices for the U.S. consumers." Indeed, U.S. carrier settlement practices with foreign correspondents "represent a major subsidy from U.S. consumers, carriers and their shareholders to foreign carriers" that amounts to almost $4 billion annually (¶¶ 7-8). In the face of these obvious harms to the American consumer, it would be absurd to conclude that the Commission is powerless: (a) to declare that such practices and charges are "unreasonable" and contrary to the public interest; and (b) to require U.S. carriers, who are clearly subject to its jurisdiction, to cease and desist from participating in such practices and charges -- even to the extent of specifying the maximum rates at which U.S. carriers may settle with their foreign correspondents

2. This Authority Is Not Diminished By The Fact That U.S. Carrier Settlement Practices Are Memorialized In Inter-Carrier Contracts.

Contrary to the assertions made by some foreign correspondents,[79] U.S. carrier settlement practices are not beyond the reach of the Commission's authority to protect the

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[79] *See, e.g.*, Application for Review of Telecomunicaciones Internacionales de Argentina (TELINTAR S.A.), ISP-96-W-062 (filed May 7, 1996).

U.S. public interest merely because they are memorialized in private inter-carrier contracts. Section 211 of the Act requires "[e]very carrier subject to this chapter [to] file with the Commission copies of all contracts, agreements, or arrangements with other carriers, or with common carriers not subject to the provisions of this chapter."[80] This mandatory filing requirement would be inexplicable if Congress had not envisioned that the Commission could review contracts filed with it to ensure that their terms comport with the public interest. Indeed, the "requirement that all relevant contracts be filed provides the means whereby the public interest is secured: Because of that requirement, the [Commission] can review those contracts and, where necessary, can cause them to be modified."[81]

This conclusion is further compelled by judicial decisions construing analogous provisions of the Federal Power Act. For example, a unanimous Supreme Court has concluded that those provisions gave the Federal Power Commission "undoubted power" to "prescribe a change in contract rates whenever it determines such rates to be unlawful."[82] Thus, as the Court of Appeals for the District of Columbia Circuit has held, "[u]nder the *Sierra-Mobile* doctrine, the [Federal Communications] Commission has the power to prescribe a change in contract rates when it finds them to be unlawful, and to

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[80] 47 U.S.C. § 211(a).

[81] *American Broadcasting Co. v. FCC*, 643 F.2d 818, 824 (D.C. Cir. 1980).

[82] *FPC v. Sierra Pac. Power Co.*, 350 U.S. 348, 353 (1956). *See also United Gas Pipe Line Co. v. Mobile Gas Serv. Corp.*, 350 U.S. 332, 339-41 (1956) (reaching same conclusion under the Natural Gas Act).

modify other provisions of private contracts when necessary to serve the public interest."[83]

On these bases, the Commission has long construed its authority under the Communications Act to extend to the modification or abrogation of carrier-carrier contracts deemed unlawful or otherwise against the public interest. As the Commission has noted, "[S]ection 201 seems clearly to give [the Commission] authority to measure any applicable contract against the public interest and nullify or modify those that are found wanting."[84] Thus, as the Commission concluded in another case: "While Section 211(a) does not specifically invest regulatory authority over [carrier-carrier] contracts, it is reasonable to conclude that the provision which requires the contracts to be filed confers upon the Commission the authority to determine whether the terms and conditions thereof are consistent with the provisions of the Act."[85] Indeed, as the Commission has reasoned, if it did not have the "authority to pass on the contracts which must be filed . . ., [section

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[83] *Western Union Tel. Co. v. FCC*, 815 F.2d 1495, 1501 (D.C. Cir. 1987) (citations omitted). *Bell Tel. Co. of Pa. v. FCC*, 503 F.2d 1250, 1277-79 (3d Cir. 1974) is not to the contrary. *Bell Telephone's* discussion of the Commission's regulatory power over carrier-carrier contracts was not only pure *dictum, see id.* at 1279 ("we need not resolve this controversy"), but the Court also failed to reach any conclusion on the question. Indeed, the fact on which that Court based its inconclusive discussion -- the absence of a reference to contracts in section 205 -- proves too much: Section 205 also does not contain any explicit reference to tariffs, and yet it is beyond dispute that the Commission may exercise its 205 authority to modify tariffed rates. In fact, the absence in Section 205 of any reference to either contracts or tariffs merely confirms that Congress decided to authorize the Commission to modify <u>any</u> "charge, classification, regulation or practice" found to be unlawful, whether that charge is imposed by tariff <u>or</u> by contract.

[84] *Interconnection Facilities Provided to the International Record Carriers*, 63 F.C.C. 2d 761, 766 (1977) (Final Decision and Order) ("*IRC Interconnection Order*").

[85] *Bell System Tariff Offerings*, 46 F.C.C. 2d 413, 431 (1974) (Decision).

211's] filing requirement would be a meaningless exercise."[86]

The District of Columbia Circuit's decision in *Papago Tribal Utility Authority v. FERC*, 723 F.2d 950 (D.C. Cir. 1983), on which some foreign correspondents have relied, by no means restricts the Commission's authority to take the steps proposed in the NPRM. In *Papago*, which arose under the Federal Power Act, the Court held that where an inter-carrier contract unambiguously expresses the parties' intent that the contract's rates could not be altered by Commission Order, the Commission could order an increase in rates only if it found, not only that the existing rates were unreasonable, but also that they harmed the "public interest."[87] The rationale of that holding was that unless "the rate is so low as to adversely affect the public interest -- as where it might impair the financial ability of the public utility to continue service, cast upon other consumers an excessive burden, or be unduly discriminatory," the utility should not be "relieved of its improvident bargain" which merely affected its own "private interests."[88] In the case of international settlement arrangements, by contrast, the contracts almost uniformly contemplate that their terms

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86 *IRC Interconnection Order*, 63 F.C.C. 2d at 766. Numerous other Commission decisions are to the same effect. *See, e.g.*, *Domestic Public Message Services*, 73 F.C.C. 2d 151, 163 (1979) (Order on Reconsideration) (voiding portions of three agreements with international record carriers relating to the distribution of inbound and outbound traffic); *MTS and WATS Market Structure*, 97 F.C.C. 2d 682, at & 210 (1983) ("contract rates may be abrogated" if they are unjust and unreasonable or adversely affect the public interest);, *Western Union Telegraph Co.*, 75 F.C.C. 2d 461, 476-77, 479 (1979) (Memorandum Opinion and Order) (regulating domestic carrier's arrangements with foreign carriers notwithstanding claim that "contractual relations between American and foreign communications carriers" are outside the Commission's jurisdiction).

87 *Papago*, 723 F.2d at 953.

88 *FPC v. Sierra Pacific Power Co.,* 350 U.S. 348, 355 (1955).

would be subject to alteration by the applicable regulatory authorities. But even where they do not, *Papago* reaffirms that the Commission possesses an "indefeasible right" to modify a contract rate if it finds that the rate adversely affects the public interest -- a finding that the Commission has clearly made with respect to the current above-cost accounting rate system.[89]

3. This Authority Is Not Diminished By The Fact That One Of The Parties To The Contract Is A Foreign Carrier.

The fact that one of the parties to the contract may be a foreign carrier not otherwise directly subject to the jurisdiction of the Commission does not change the analysis, especially given that the Commission's proposed enforcement measures (¶ 89) would directly bind only U.S. carriers. The mandatory filing requirement imposed by the Act explicitly extends to contracts "with common carriers not subject to the provisions of this chapter."[90] Indeed, where, as here, a contract is between a carrier that is subject to the Act (e.g. AT&T, MCI or Sprint) and one that is not (a foreign carrier), the Commission's statutory authority to review the contract for its conformity with the public interest is explicit: "nothing in this chapter . . . prevent[s] a common carrier subject to this chapter from entering into or operating under any contract with any common carrier not subject to

[89] 723 F.2d at 953. Indeed, where, as here, the existing rates are too high, the harms to the public in the form of increased prices and other economic distortions are self evident, and do not merely harm the carriers' private interests. That is why the FERC has concluded that the public interest standard is far more relaxed when the Commission is proposing to reduce a contract's rates. *See Northeast Utilities Service Co.*, FERC ¶ 61,332 at 62,706 (1994). *Papago*, therefore, poses no obstacle to the Commission's proposed rules.

[90] 47 U.S.C.§ 211(a).

this chapter, for the exchange of their services, if the Commission is of the opinion that such contract is not contrary to the public interest."[91] As the Commission has concluded in an analogous context, "[i]t would be anomalous for Congress to grant this Commission more power over those contracts" for the exchange of services than "over those contracts" for the sale of services.[92] Accordingly, "[s]ection 201 seems clearly to give [the Commission] authority to measure any applicable contract against the public interest . . . even though one of the parties to the contract is not subject to [the Commission's] jurisdiction."[93]

Thus, it is hardly surprising that the only court to have considered the question readily concluded that the Commission had the authority to regulate the international rates of U.S. carriers, even though those rates had been established by agreements between the U.S. companies and their foreign correspondents. Writing for a three-Judge district court, Judge Augustus Hand rejected the contrary argument:

> We think the Commission's order falls directly within the terms of the statute. The plaintiff's contention that the order is directed against foreign countries or their nationals is unfounded. While it indirectly affects them inasmuch as they share in a joint rate, it operates directly only on persons within the United States and an indirect effect on outsiders does not militate against its validity.[94]

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91 47 U.S.C. § 201(b) (emphasis added).

92 *IRC Interconnection Order*, 63 F.C.C. 2d at 766. Strangely, at least one correspondent has claimed that in *Western Union Telegraph Co.*, 75 F.C.C. 2d 461, 477 n.12 (1979) the Commission held that interconnection agreements between domestic and foreign carriers are beyond the reach of the Commission's authority under section 201(b). *See* Reply of Telecommunicaciones Internacionales de Argentina Telintar S.A. to Opposition of AT&T, ISP-96-W-062 (filed June 11, 1996). The Commission's decision in *Western Union*, however, held no such thing.

93 *IRC Interconnection Order*, 63 F.C.C. 2d at 766

94 *RCA Communications, Inc. v. United States*, 43 F. Supp. 851, 854 (S.D.N.Y. 1942).

Judge Hand reached that conclusion notwithstanding the argument that the Commission's Order had the practical effect of impairing contractual agreements with foreign correspondents:

> While the Commission's order of May 27, 1941, would have the effect of impairing the obligations of the plaintiff and other telegraph companies in respect to foreign radiotelegraphic rates established under their prior agreements with foreign governments or nationals, Congress had the power to regulate communication between the United States and foreign points, and to regulate the carriers engaged within the United States in such communication, regardless of whether the effects of the regulation might extend beyond our territory. All contracts which the carriers might make were subject to the power of Congress to regulate foreign commerce.[95]

As the Supreme Court reasoned in construing the Interstate Commerce Act, a contrary conclusion would "enable" entities to "withdraw such commerce from the regulations enforced against other interstate commerce" whenever the commerce "happens to be billed through to [a] foreign port."[96] Thus, the Commission has correctly concluded that it possesses "the authority to establish accounting rates used by U.S. carriers" and "to require that carriers cease and desist from charging, collecting, and receiving, or participating in charges above a maximum rate."[97] The Commission should not now depart

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95 *Id.* at 855 (emphasis added). Nor is it correct to say that *RCA Communications* held only that the Commission could regulate the rates American carriers charge their customers, leaving it to the U.S. carrier either to renegotiate its accounting rate agreement or absorb any losses. The passage from *RCA Communications* on which some have relied for this argument is not the Court's holding, but rather its description of the provisions of the contracts before it. *See* 43 F. Supp. at 851.

96 *Armour Packing Co. v. United States*, 209 U.S. 56, 78 (1908).

97 *International Accounting Further NPRM,* 6 FCC Rcd. 3434, 3436 (1991).

from its long-standing construction of its authority under the Communications Act.[98]

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[98] Because the Commission's Notice contemplates that, upon finding that a foreign carrier has failed to respond to efforts to achieve settlement rate reductions, the Commission would enter an order specifying the rates at which U.S. carriers would thereafter settle, no issue of retroactive ratemaking would arise. Should the Commission contemplate a future order retroactively adjusting a particular rate established in an international inter-carrier agreement, however, it is worthwhile noting that such an order would not run afoul of the Act's general prohibition on retroactive ratemaking. As the Court of Appeals for the District of Columbia Circuit held in construing the Commission's power to regulate the division of charges between domestic and international telegraph carriers, "the rule against retroactive rate[making] is one that emerges from . . . provisions in ratemaking schemes providing for carrier-initiated rates." *TRT Communications Corp. v. FCC*, 857 F.2d 1535, 1547 (D.C. Cir. 1988). Because carriers may normally initiate rate changes unilaterally by filing tariffs, the rule against retroactive ratemaking effectuates "Congress' concern [] to protect the vast, diffuse number of individual ratepayers against the market power enjoyed by a common carrier, while at the same time protecting the interests of investors in the regulated entity." *Id.* at 1545-46. "This prohibition has no application," however, where "[a]greement between the parties, <u>not</u> carrier-initiated ratemaking, is . . . the mechanism that Congress ordained to control the parties' relationship." *Id.* at 1546-47 (emphasis added). Where that "very different mechanism" exists, "Congress believed" that the carrier-customers "could fend for themselves." *Id.* at 1546.

Indeed, "[w]ere the FCC to lack [the] authority [retroactively to impose a division of charges]," the Court reasoned, "there would be no mechanism for filling a gap in the division of charges for the period where no agreement was in effect." *TRT Communications*, 857 F.2d at 1546. Conversely, "if expired rates remained in effect until replaced either by a new agreement or by Commission prescription," then their beneficiaries "`could unilaterally extend the favorable contract rates beyond the term of the agreement merely by taking an intransigent negotiating position.'" *Id.* at 1547 (citation omitted). Moreover, as the Court pointed out, "[i]t would be an odd (not to mention unworkable) statutory scheme indeed that allowed the FCC to approve" inter-carrier agreements setting the division of rates retrospectively, "and yet prohibited it from prescribing them when agreement fails." *Id.* Concluding that "Congress could not reasonably have intended," "[s]uch a strange and gap-ridden scheme," the Court held that the Commission had the implied power to establish inter-carrier divisions retroactively.

TRT Communications's reasoning applies with equal force to the regulation of international accounting rates, which cannot unilaterally be initiated by filing a tariff but are normally established by intercarrier agreement. In this context, the "prohibition" on retroactive ratemaking embodied in sections 204 and 205 "has no

(footnote continued on following page)

Indeed, the Commission may well have jurisdiction to regulate directly the charges and practices of foreign carriers in connection with their purposeful conduct in terminating calls in this country. Although section 2(b) generally exempts "any carrier engaged in interstate or foreign communication solely through physical connection with the facilities of another carrier" from the reach of the Act, such carriers are nevertheless subject to "sections 201 to 205 of this title."[99] As the Commission has observed, "[r]ead literally, the foreign carrier fits within this definition and it would seem to make no difference that the foreign carrier is otherwise exempted from the Commission's jurisdiction under Section 2(a)."[100] Foreign correspondents, therefore, may well be directly subject to the Commission's jurisdiction under sections 201 through 205 of the Act. The Commission, however, need not resolve this issue, because by their terms the Commission's proposed enforcement measures "would apply to U.S. carriers within our jurisdiction, not to their foreign correspondents" (¶ 89), and the Commission has undoubted authority to regulate all U.S. carrier practices and charges in connection with their provision of communications services.

Contrary to the assertions made by a number of foreign correspondents, moreover, the ITU regulation requiring that the provision of international telecommunications services be "pursuant to mutual agreement" does not deprive the Commission of authority

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(footnote continued from previous page)

application." *Id.* at 1547.

99 47 U.S.C. § 152(b).

100 Memorandum Opinion and Order, *Western Union Telegraph Co.,* 75 F.C.C. 2d 461, 476 (1979).

to regulate international accounting rates. Although the ITU regulations do envision that such services will be arranged by private inter-carrier negotiation, those regulations do not leave the substance of such arrangements entirely up to the parties. On the contrary, the ITU regulation dealing specifically with accounting rates states that "administrations shall" set accounting rates "taking into account . . . relevant cost trends."[101] The Commission's proposed measures, which are clearly designed to ensure that settlement rates begin to reflect "relevant cost trends" rather than simply the bargaining power of the foreign monopolists, are fully consistent with the requirements of the ITU regulations.

More fundamentally, whatever the binding legal effect of the ITU Regulations on private carriers, those regulations in no way abrogate the Commission's statutory authority to protect the American "public interest" and to prohibit "unreasonable practices" and "charges." Not only did the treaty establishing the ITU Regulations acknowledge the "sovereign right of each country to regulate its telecommunications,"[102] but the United States in acceding to the ITU specifically "reserve[d] its rights to take whatever action it deems necessary, at any time, to protect its interests." [103] The ITU Regulations, therefore, do not abrogate the Commission's authority to prohibit unreasonable practices that harm the public interest.[104]

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[101] International Telecommunications Regulations (Melbourne 1988), Dec. 9, 1988, S. Treaty Doc. No. 13, 102d Cong., 1st. Sess. 9, 14 (1991) ("ITR") (Article 6.2.1) (emphasis added).

[102] *Id.* at 8 (Preamble).

[103] *Id.* at 76 (Statement No. 69).

[104] At any rate, the Commission's proposed steps would in no way contravene any "requirement" that international services be established by "mutual agreement." To

(footnote continued on following page)

In sum, the Commission possesses clear authority to regulate settlement arrangements between U.S. carriers and their foreign correspondents to ensure that they comport with the U.S. public interest. That authority necessarily includes the authority to regulate the rates that U.S. carriers may pay for service under those agreements on whatever basis the Commission deems appropriate -- including the use of surrogate cost estimates -- so long as the Commission's Order independently satisfies the Administrative Procedure Act's requirement of reasoned decisionmaking. As shown above, the Commission's proposal to use U.S. carrier costs as a surrogate for the costs of foreign carrier termination pending the submission of further data is eminently reasonable.

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the best of AT&T's knowledge, virtually all operating agreements between American and foreign carriers specifically subject performance to all applicable laws and regulations. Indeed, an agreement that purported to exempt a carrier from complying with its nation's legal requirements would almost certainly be void. Because those foreign correspondents voluntarily agreed that their relations with American carriers would at all times be subject to regulation by the relevant national bodies, the Commission's proposals in no way conflict with the ITU regulation requiring services "pursuant to mutual agreement."

CONCLUSION

For the reasons explained above, the Commission should establish new benchmark rates and transition periods, and in response to carrier complaints should exercise its authority to prescribe the settlement rates that are to be paid by U.S. carriers. The Commission also should require the adoption of cost-based settlement rates on routes where switched services are provided over international private lines, and by carriers that provide U.S.-outbound switched services on affiliated routes, and adopt the other measures described above.

Respectfully submitted,

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ATTACHMENT A

1992 - 1996 SETTLEMENT RATE COMPARISON

COUNTRY	1996 S/R $	% Reduction 1992 - 1996	% OF 1992 BENCHMARK TOP
Europe ('92 BM Top = $.39)			
Albania	$0.52	N/A	133%
Andorra (via)	$0.31	37%	80%
Austria	$0.26	54%	66%
Armenia	$0.75	40%	192%
Azerbaijan (via)	$0.96	N/A	247%
Belarus	$0.60	N/A	154%
Belgium	$0.29	59%	74%
Bosnia	$0.37	N/A	95%
Bulgaria	$0.50	44%	128%
Croatia	$0.52	40%	133%
Cyprus	$0.70	23%	180%
Czechoslovakia	$0.37	52%	95%
Denmark	$0.15	79%	38%
Estonia	$0.52	47%	133%
Faeroe Is (via)	$0.37	47%	95%
Finland	$0.22	51%	57%
France	$0.18	64%	46%
Georgia	$1.00	N/A	256%
Germany	$0.12	79%	30%
Gibraltar	$0.65	0%	167%
Greece	$0.52	39%	133%
Greenland	$0.37	47%	95%
Hungary	$0.52	26%	133%
Iceland	$0.48	31%	123%
Ireland	$0.18	63%	46%
Italy	$0.27	68%	68%
Kazakhstan	$1.05	34%	269%
Kyrgyz Republic	$1.00	N/A	256%
Latvia	$0.96	2%	247%
Lithuania	$0.45	61%	115%
Luxembourg	$0.30	58%	76%
Macedonia	$0.67	23%	171%
Malta	$0.30	71%	76%
Moldova (via)	$1.04	17%	267%
Monaco (via)	$0.27	46%	68%
Netherlands	$0.19	47%	47%
Norway	$0.15	74%	38%
Poland	$0.48	27%	122%
Portugal	$0.48	39%	123%
Romania	$0.77	14%	197%
Russia	$0.75	42%	192%

ATTACHMENT A

COUNTRY	1996 S/R $	% Reduction 1992 - 1996	% OF 1992 BENCHMARK TOP
Slovak Republic	$0.67	N/A	171%
Slovenia	$0.37	57%	95%
Spain	$0.33	63%	83%
Sweden	$0.09	75%	23%
Switzerland	$0.26	54%	66%
Tajikistan (via)	$1.05	N/A	269%
Turkey	$0.70	28%	180%
Turkmenistan (via)	$1.06	N/A	271%
Ukraine	$0.70	44%	179%
United Kingdom	$0.16	53%	42%
Uzbekistan	$0.85	N/A	218%
Yugoslavia (Slovakia)	$0.67	24%	171%

Asia/Pacific ('92 BM Top = $.60)			
Afghanistan	$3.07	N/A	512%
Australia	$0.22	47%	37%
Bahrain	$0.80	0%	133%
Bangladesh	$1.00	11%	167%
Bhutan (via)	$0.74	63%	123%
Brunei	$0.74	26%	123%
Cambodia (via)	$1.58	14%	263%
China	$1.09	37%	181%
Fiji Island	$1.03	18%	172%
French Polynesia	$1.25	0%	208%
Hong Kong	$0.48	40%	80%
India	$0.80	20%	133%
Indonesia	$0.70	22%	117%
Iran	$1.50	0%	250%
Iraq	$1.00	0%	167%
Israel	$0.59	43%	98%
Japan	$0.47	30%	78%
Jordan	$0.75	0%	125%
Kiribati (via)	$2.00	N/A	333%
Korea	$0.63	21%	105%
Kuwait*	$0.85	-6%	142%
Lebanon	$0.98	0%	163%
Macao	$0.68	25%	113%
Malaysia	$0.35	47%	58%
Maldives (via)	$1.25	0%	208%
Marshall Is	$0.70	30%	117%
Mongolia	$1.20	32%	200%
Myanmar[Burma] (via)	$2.50	N/A	417%
New Caledonia	$0.95	24%	158%
New Zealand	$0.19	78%	31%

ATTACHMENT A

COUNTRY	1996 S/R $	% Reduction 1992 - 1996	% OF 1992 BENCHMARK TOP
Nepal	$1.00	0%	167%
Oman	$1.00	14%	167%
Pakistan	$0.89	23%	148%
Papua New Guinea	$0.81	22%	136%
Philippines	$0.50	32%	83%
Qatar	$1.00	0%	167%
Saudi Arabia	$1.10	0%	183%
Singapore	$0.46	4%	76%
Solomon Is (via)	$1.00	0%	167%
Sri Lanka	$1.00	9%	167%
Syria	$1.00	33%	167%
Taiwan	$0.60	14%	100%
Thailand	$0.75	14%	125%
Tonga	$1.00	0%	167%
U.A.E.	$0.89	2%	148%
Vanatu	$2.00	N/A	333%
Vietnam	$0.85	15%	142%
Western Samoa	$0.75	0%	125%
Yemen A.R.	$0.75	0%	125%

Americas ('92 BM Top = $.60)			
Anguilla	$0.50	17%	83%
Antigua	$0.50	21%	83%
Argentina	$0.72	13%	119%
Aruba	$0.38	0%	63%
Bahamas	$0.23	2%	38%
Barbados	$0.55	12%	92%
Belize	$0.71	5%	118%
Bermuda	$0.49	20%	81%
Bolivia	$0.63	24%	104%
Brazil	$0.52	31%	86%
British Virgin Isl.	$0.50	12%	83%
Canada	$0.09	36%	15%
Cayman Islands	$0.50	23%	83%
Chile	$0.45	38%	75%
Colombia	$0.65	16%	108%
Costa Rica	$0.58	7%	96%
Cuba	$0.60	0%	100%
Dominica	$0.50	17%	83%
Dominican Republic	$0.45	33%	75%
Ecuador	$0.55	30%	92%
El Salvador	$0.50	23%	83%
French Antilles	$0.48	11%	80%
French Guiana	$0.30	45%	49%
Grenada	$0.50	22%	83%

ATTACHMENT A

COUNTRY	1996 S/R $	% Reduction 1992 - 1996	% OF 1992 BENCHMARK TOP
Guadeloupe	$0.48	36%	80%
Guatemala	$0.50	24%	83%
Guyana	$0.85	0%	142%
Haiti	$0.60	11%	100%
Honduras	$0.65	13%	108%
Jamaica	$0.65	14%	108%
Martinique	$0.48	36%	80%
Mexico	$0.48	28%	79%
Montserrat	$0.50	19%	83%
Netherlands Antilles	$0.38	0%	63%
Nicaragua	$0.58	23%	96%
Panama	$0.65	0%	108%
Paraguay	$0.80	20%	133%
Peru	$0.65	13%	108%
St. Kitts	$0.50	16%	83%
St. Lucia	$0.50	16%	83%
St. Vincent	$0.50	16%	83%
Suriname	$1.03	18%	171%
Trinidad/Tobago	$0.65	21%	108%
Turks/Caicos	$0.50	15%	83%
Uruguay	$0.64	1%	106%
Venezuela	$0.55	15%	92%
Africa ('92 BM Top = $.60)			
Algeria	$0.90	0%	150%
Angola	$0.74	19%	123%
Benin	$0.50	33%	83%
Botswana	$0.50	33%	83%
Burundi (via)*	$2.12	-6%	354%
Burkina Faso	$0.59	21%	98%
Cameroon	$0.90	20%	150%
Cape Verde	$0.50	38%	83%
Central African Republic (via)*	$1.48	-6%	247%
Chad (via)*	$2.54	-6%	423%
Comoros (via)*	$1.48	-6%	247%
Congo*	$0.89	-6%	148%
Djibouti	$0.75	0%	125%
Egypt	$0.70	18%	117%
Ethiopia	$0.90	29%	150%
Equatorial Guinea (via)*	$1.48	-6%	247%
Eritrea	$1.10	0%	183%
Gabon*	$0.89	-6%	148%
Gambia	$0.50	0%	83%
Ghana	$0.50	29%	83%
Guinea-Bissau (via)	$1.18	N/A	197%

ATTACHMENT A

COUNTRY	1996 S/R $	% Reduction 1992 - 1996	% OF 1992 BENCHMARK TOP
Guinea-Peoples Republic*	$0.59	-6%	99%
Ivory Coast	$1.10	31%	183%
Kenya	$0.70	30%	117%
Lesotho	$0.75	14%	125%
Liberia	$0.50	0%	83%
Lybia	$0.50	N/A	83%
Madagascar (via)*	$3.07	-6%	512%
Malawi	$0.50	0%	83%
Mali	$0.75	14%	125%
Mauritania	$0.75	14%	125%
Mauritius	$0.75	25%	125%
Mayotte (via)	$0.48	34%	80%
Morocco	$0.74	52%	123%
Mozambique	$0.81	19%	134%
Namibia	$0.85	15%	142%
Niger	$0.75	14%	125%
Nigeria	$0.75	0%	125%
Reunion Is (via)	$0.48	34%	80%
Rwanda (via)*	$0.97	-6%	162%
Sao Tome (via)	$1.18	0%	197%
Senegal	$1.09	6%	182%
Seychelles (via)	$1.25	0%	208%
Sierra Leone	$0.75	0%	125%
Somalia (via)	$0.74	N/A	123%
South Africa	$0.50	44%	83%
Sudan	$0.88	36%	147%
Swaziland	$0.75	0%	125%
Tanzania	$0.75	0%	125%
Togo*	$0.89	-6%	148%
Tunisia	$0.67	41%	111%
Uganda	$0.60	20%	100%
Zaire	$0.40	40%	67%
Zambia	$0.60	20%	100%
Zimbabwe	$0.75	0%	125%

* Settlement rate increase due to currency rate fluctuation.

ATTACHMENT B

GROWTH OF U.S. BILLED TRAFFIC IS EXCEEDING GROWTH IN FOREIGN BILLED TRAFFIC (millions)

World	**1992**	**1993**	**1994**	**1995**
US Billed Minutes	10,200	11,435	13,444	15,703
Foreign Billed Minutes	5,278	5,700	6,292	7,051
Imbalance	4,921	5,735	7,152	8,652

FCC 43.61 Industry Data

ATTACHMENT C

ACCOUNTING RATE HISTORY FOR SELECT COUNTRIES

CANADA ACCOUNTING RATE HISTORY

	Stentor	Unitel
June 1992	$0.28 Full $0.24 Reduced	
August 1993	$0.28 Full $0.24 Reduced	
September 1993		$0.28 Full $0.24 Reduced
January 1994	$0.26 Full $0.22 Reduced	$0.26 Full $0.22 Reduced
January 1995	$0.24 Full $0.20 Reduced	$0.24 Full $0.20 Reduced
April 1996	$0.24 Full $0.16 Reduced	$0.24 Full $0.16 Reduced
July 1996	$0.22 Full $0.14 Reduced	$0.22 Full $0.14 Reduced

CHILE ACCOUNTING RATE HISTORY

	Bell South	Chilesat	CTC	VTR	Entel
July 1993		$1.36	$1.36	$1.36	$1.60 Full $1.00 Reduced
May 1994	$1.20	$1.20	$1.20	$1.20	$1.20
May 1995	$1.10	$1.10	$1.10	$1.10	$1.10
October 1995					$1.00
January 1996	$1.00	$1.00		$1.00	$1.00
July 1996	$0.90	$0.90		$0.90	

Note: All Chilean carriers must pay an access charge of ≈$0.33 per minute to terminate traffic in Chile. There is no access charge on outgoing calls.

DOMINICAN REPUBLIC ACCOUNTING RATE HISTORY

	AAC&R	Tricom	Codetel
August 1992	$1.20		$1.36 Full $0.60 Reduced
January 1994	$1.10		$1.30 Full $0.60 Reduced
January 1995	$0.90		$1.10 Full $0.60 Reduced
March 1995		$0.90	
January 1996	$0.90	$0.90	$0.90
January 1997	$0.80	$0.80	$0.80

Note: All D.R. carriers must pay an access charge of ≈$0.19 per minute to terminate traffic via Codetel.

ATTACHMENT C

FINLAND ACCOUNTING RATE HISTORY

	Finnet	Telecom
October 1992		.65 SDR
January 1994	.50 SDR	.50 SDR
February 1995	40 SDR	.40 SDR
July 1996	.30 SDR	.30 SDR

JAPAN ACCOUNTING RATE HISTORY

	IDC	ITJ	KDD
July 1988			1.34 SDR
October 1989		1.34 SDR	
December 1989	1.34 SDR		
July 1991	1.13 SDR	1.13 SDR	1.13 SDR
April 1992	0.95 SDR	0.95 SDR	0.95 SDR
April 1993	0.75 SDR	0.75 SDR	0.75 SDR
October 1994	0.63 SDR	0.63 SDR	0.63 SDR

INDONESIA ACCOUNTING RATE HISTORY

	Indosat	Satelindo
January 1992	$1.80	
November 1994		$1.80
January 1995	$1.60	$1.60
October 1995	$1.58	$1.58
January 1996	$1.50	$1.50
July 1996	$1.40	$1.40

KOREA ACCOUNTING RATE HISTORY

	Dacom	Korea Telecom
January 1990		$2.10
January 1991		$1.90
December 1991	$1.90	
January 1992	$1.70	$1.70
October 1992	$1.60	$1.60
October 1993	$1.44	$1.44
October 1994	$0.95	$0.95
October 1995	$0.90	$0.90
December 1995	$0.85	$0.85

ATTACHMENT C

MEXICO ACCOUNTING RATE HISTORY

	Telnor		Telmex	
	AT&T	Telnor	AT&T	Telmex
January 1989	Rate Band 1 $0.12 through Rate Band 8 $0.37	Rate Band 1 $0.16 Rate Band 8 $1.58	Rate Band 1 $0.12 through Rate Band 8 $0.37	Rate Band 1 $0.16 Rate Band 8 $1.58
January 1991	Rate Band 1 $0.12 through Rate Band 8 $0.37	Rate Band 1 $0.16 Rate Band 8 $1.10	Rate Band 1 $0.12 through Rate Band 8 $0.37	Rate Band 1 $0.16 Rate Band 8 $1.10
January 1992	Rate Band 1 $0.12 through Rate Band 8 $0.37	Rate Band 1 $0.16 Rate Band 8 $1.10	Rate Band 1 $0.12 through Rate Band 8 $0.37	Rate Band 1 $0.16 Rate Band 8 $1.10
January 1993	Rate Band 1 $0.12 through Rate Band 8 $0.37	Rate Band 1 $0.16 Rate Band 8 $1.06	Rate Band 1 $0.12 through Rate Band 8 $0.37	Rate Band 1 $0.16 Rate Band 8 $1.06
January 1994	Rate Band 1 $0.12 through Rate Band 8 $0.37	Rate Band 1 $0.16 Rate Band 8 $0.97	Rate Band 1 $0.12 through Rate Band 8 $0.37	Rate Band 1 $0.16 Rate Band 8 $0.97
January 1995	Rate Band 1 $0.12 through Rate Band 8 $0.45	Rate Band 1 $0.16 Rate Band 8 $0.94	Rate Band 1 $0.12 through Rate Band 8 $0.45	Rate Band 1 $0.16 Rate Band 8 $0.94
January 1996	Rate Band 1 $0.15 through Rate Band 4 $0.52	Rate Band 1 $0.18 Rate Band 4 $0.78	Rate Band 1 $0.15 through Rate Band 4 $0.52	Rate Band 1 $0.18 Rate Band 4 $0.78

PHILIPPINES ACCOUNTING RATE HISTORY

	Capwire	GMCR	Philcom	PLDT	Digitel	ICC
July 1992				$1.68 Growth $1.25 Based		
January 1993			$1.25			
January 1994				$1.34		
January 1995		$1.23	$1.23	$1.23		
July 1995	$1.20					
October 1995		$1.20	$1.20	$1.20		
April 1996		$1.00	$1.00	$1.00	$1.00	$1.00

ATTACHMENT C

SWEDEN ACCOUNTING RATE HISTORY

	Telia	**Tele2**
January 1991	.50 SDR	
November 1992		.50 SDR
February 1994	.40 SDR	.40 SDR
October 1994	.25 SDR	.25 SDR
April 1996	.12 SDR	.12 SDR

ZAIRE ACCOUNTING RATE HISTORY

	ONPTZ	**Spacetel**	**Telecel**
July 1994	$1.10		
December 1994			$0.90
January 1995	$1.00		
July 1995	$0.90		
January 1996	$0.80	$0.80	